

**MINUTES OF THE
CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK**

For the meeting held on

Tuesday, August 22, 2006
1001 I Street - Second Floor
Sierra Hearing Room
Sacramento, California 95814

Chairwoman Karin Fish called the meeting of the California Infrastructure and Economic Development Bank (I-Bank) Board to order at approximately 1:30 p.m.

1. Roll Call.

Karin Fish represented the Secretary of the Business, Transportation and Housing Agency.
Francisco Lujano represented the State Treasurer.
Anne Sheehan represented the Director of the Department of Finance.
Rosario Marin, Secretary of the State and Consumer Services Agency.
D. Everett Rice, Governor's appointee.

2. Executive Director's Report.

Executive Director Stan Hazelroth welcomed the Governor's appointee, D. Everett Rice to the California Infrastructure and Economic Development Bank Board. He updated the Board on the I-Bank's various activities for the past month including bond issuances for the San Diego Society of Natural History, the San Francisco Ballet, and the California Science Center Foundation, and site visits at The Country School, The Westmark School, The Salvation Army USA Western Territories and Le Lycée Francais de Los Angeles.

Consent Items.

3. Approve minutes from the July 25, 2006 meeting.

Chairwoman Fish asked if there were any corrections or additions to the minutes. There being none, she entertained a motion to approve the consent item. Ms. Marin moved to approve the minutes and Ms. Sheehan seconded the motion. The Board unanimously approved the minutes.

Action Items.

4. Adopt resolution approving the sale, issuance and delivery of 501(c)(3) refunding revenue bonds for The Salvation Army USA Western Territories, or a related party (Los Angeles, Orange, San Diego and Santa Barbara) for an amount not to exceed \$82,000,000.

Ms. Barbara Lewis presented a staff report and introduced Mr. Tom Melott, Deputy Finance Secretary of the Salvation Army USA Western Territories and Mr. Scott Gorzeman representing

the Banc of America Securities, LLC. Ms. Marin noted that the insurer had not been identified in the staff report or resolution and asked at what point is the bond insurer is selected, and whether it is required. Ms. Bassett responded that both the staff report and resolution indicate that the bonds will be credit enhanced with insurance from a provider rated AAA, and that a credit rating of A or better is a condition to issuance of the bonds. Ms. Bassett also confirmed that the Board has not previously required that the insurer be identified at the time the issuance resolution is approved. Chairwoman Fish entertained a motion to approve Resolution No. 06-33. Ms. Sheehan moved to approve the resolution and Ms. Marin seconded the motion. The Board unanimously approved the resolution.

5. Adopt resolution approving the sale, issuance and delivery of 501(c)(3) revenue bonds for Le Lycée Francais de Los Angeles, or a related party (Los Angeles) for an amount not to exceed \$15,000,000.

Ms. Barbara Lewis presented a staff report and introduced Ms. Clara-Lisa Kabbaz, President of the School, and Mr. Sam Balisy of Kutak Rock LLP, Bond Counsel. Ms. Kabbaz confirmed for Ms. Marin that La Lycee has been fully accredited since 1965 by the Western Association of Schools and Colleges. Chairwoman Fish then entertained a motion to approve Resolution No. 06-34. Ms. Marin moved to approve the resolution and Ms. Sheehan seconded the motion. The Board unanimously approved the resolution.

6. Adopt resolution approving the sale, issuance and delivery of 501(c)(3) revenue bonds for Learning with a Difference, Inc., dba The Westmark School, or a related party (Los Angeles), for an amount not to exceed \$7,000,000.

Ms. Barbara Lewis presented a staff report and introduced Mr. Don Cook, Chief Financial Officer of The Westmark School and Mr. Daniel Bronfman, Growth Capital Associates, Inc., Financial Advisor, and Mr. Sam Balisy, Kutak Rock LLP, Bond and Disclosure Counsel. There being no discussion, Chairwoman Fish entertained a motion to approve Resolution No. 06-35. Ms. Marin moved to approve the resolution and Ms. Sheehan seconded the motion. The Board unanimously approved the resolution.

7. Adopt resolution approving the sale, issuance and delivery of 501(c)(3) revenue bonds for The Country Schools, or a related party (Los Angeles), for an amount not to exceed \$3,000,000.

Ms. Barbara Lewis presented a staff report and introduced Mr. Paul Singer, School Head, of School of The Country Schools, Mr. Daniel Bronfman, Growth Capital Associates, Inc., Financial Advisor, and Mr. Sam Balisy, Kutak Rock LLP, Bond and Disclosure Counsel. There being no discussion, Chairwoman Fish entertained a motion to approve Resolution No. 06-36. Ms. Sheehan moved to approve the resolution and Ms. Marin seconded the motion. The Board unanimously approved the resolution.

8. **Adopt resolution amending Resolution 05-11 delegating the following additional authority to the Executive Director:**
 - A. **Evidence the official intent of the I-Bank to authorize the reimbursement of costs incurred by conduit borrowers from the proceeds of tax-exempt borrowing pursuant to Internal Revenue Code section 1.150-2 ; and**
 - B. **Identify hedges and swaps in anticipation of a bond issuance.**

Ms. Brooke Bassett gave a report describing the tax requirements of the Internal Revenue Service relating to Industrial Development Bonds and the I-Bank statutory authority which both provide for the ability of the Executive Director to execute inducement certifications. Ms. Bassett clarified a formatting question from Ms. Sheehan regarding the resolution. Chairwoman Fish entertained a motion to approve Resolution No. 06- 37. Ms. Marin moved that to approve the resolution and Ms. Sheehan seconded the motion. The motion was unanimously approved.

Other Business.

Chairwoman Fish called for any other business. There was none.

Public Comment.

Chairwoman Fish called for any public comment. Ms. Marin took the opportunity to extend the Board's welcome to new member Mr. D. Everett Rice. There was no other public comment.

Chairwoman Fish adjourned the meeting at approximately 2:05 p.m.